

# House Study Bill 236 - Introduced

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON SANDS)

## A BILL FOR

1 An Act relating to Iowa's urban renewal law by establishing  
2 restrictions on the use of divided revenues, establishing  
3 restrictions on the issuance of certain bonds and  
4 indebtedness, and excluding school district property tax  
5 levies from certain divisions of revenue, and including  
6 effective date provisions.  
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 403.5, subsection 2, paragraph b,  
2 subparagraph (1), Code 2013, is amended to read as follows:  
3 (1) Prior to its approval of an urban renewal plan which  
4 provides for a division of revenue pursuant to section 403.19,  
5 the municipality shall mail the proposed plan by regular mail  
6 to the affected taxing entities. The municipality shall  
7 include with the proposed plan notification of a consultation  
8 to be held between the municipality and affected taxing  
9 entities prior to the public hearing on the urban renewal plan.  
10 If For urban renewal plans and urban renewal projects approved  
11 before the effective date of this Act, if the proposed urban  
12 renewal plan or proposed urban renewal project within the urban  
13 renewal area includes the use of ~~taxes~~ revenue resulting from a  
14 division of ~~revenue~~ taxes under section 403.19, subsection 2,  
15 for a public building, including but not limited to a police  
16 station, fire station, administration building, swimming  
17 pool, hospital, library, recreational building, city hall, or  
18 other public building that is exempt from taxation, including  
19 the grounds of, and the erection, equipment, remodeling, or  
20 reconstruction of, and additions or extensions to, such a  
21 building, the municipality shall include with the proposed  
22 plan notification an analysis of alternative development  
23 options and funding for the urban renewal area or urban renewal  
24 project and the reasons such options would be less feasible  
25 than the proposed urban renewal plan or proposed urban renewal  
26 project. A copy of the analysis required in this subparagraph  
27 shall be included with the urban renewal report required under  
28 section 331.403 or 384.22, as applicable, and filed by December  
29 1 following adoption of the urban renewal plan or project.  
30 Urban renewal plans and urban renewal projects approved on or  
31 after the effective date of this Act shall not include the use  
32 of revenue resulting from a division of taxes under section  
33 403.19, subsection 2, for a public building, including but  
34 not limited to a police station, fire station, administration  
35 building, swimming pool, hospital, library, recreational

1 building, city hall, or other public building that is exempt  
2 from taxation, including the grounds of, and the erection,  
3 equipment, remodeling, or reconstruction of, and additions or  
4 extensions to, such a building.

5     Sec. 2. Section 403.9, subsection 2, Code 2013, is amended  
6 to read as follows:

7     2. a. ~~Bonds issued under this section shall not constitute~~  
8 ~~an indebtedness within the meaning of any constitutional or~~  
9 ~~statutory debt limitation or restriction, and shall not be~~  
10 ~~subject to the provisions of any other law or charter relating~~  
11 ~~to the authorization, issuance or sale of bonds.~~ Bonds issued  
12 under the provisions of this chapter are declared to be issued  
13 for an essential public and governmental purpose and, together  
14 with interest thereon and income therefrom, shall be exempted  
15 from all taxes.

16     b. A municipality shall not issue bonds or incur  
17 indebtedness under this chapter or under another provision of  
18 law that qualifies for payment as described in subsection 1,  
19 except for refunding or refinancing of bonds or indebtedness  
20 that does not result in an increase in the municipality's total  
21 outstanding indebtedness payable as described in subsection  
22 1, if the municipality's outstanding indebtedness payable  
23 as described in subsection 1 exceeds an amount equal to the  
24 population of the municipality's area of operation, according  
25 to the most recent federal decennial census, times eight  
26 thousand dollars.

27     Sec. 3. Section 403.12, subsection 1, paragraph f, Code  
28 2013, is amended to read as follows:

29     f. ~~Cause~~ Subject to the limitation in section 403.5,  
30 subsection 2, paragraph "b", subparagraph (1), cause public  
31 buildings and public facilities, including parks, playgrounds,  
32 and recreational, community, educational, water, sewer or  
33 drainage facilities, or any other works which it is otherwise  
34 empowered to undertake to be furnished;

35     Sec. 4. Section 403.19, subsections 2, 8, and 11, Code 2013,

1 are amended to read as follows:

2     2. a. (1) That portion of the taxes each year in excess of  
3 such amount shall be allocated to and when collected be paid  
4 into a special fund of the municipality to pay the principal  
5 of and interest on loans, moneys advanced to, or indebtedness,  
6 whether funded, refunded, assumed, or otherwise, including  
7 bonds issued under the authority of section 403.9, subsection  
8 1, incurred by the municipality to finance or refinance, in  
9 whole or in part, an urban renewal project within the area,  
10 and to provide assistance for low and moderate income family  
11 housing as provided in section 403.22.

12     (2) ~~However~~ For ordinances adopted before the effective  
13 date of this Act providing for a division of revenue, except  
14 as provided in paragraph "b", taxes for the regular and  
15 voter-approved physical plant and equipment levy of a school  
16 district imposed pursuant to section 298.2 and taxes for the  
17 instructional support program of a school district imposed  
18 pursuant to section 257.19, taxes for the payment of bonds  
19 and interest of each taxing district, and taxes imposed under  
20 section 346.27, subsection 22, related to joint county-city  
21 buildings shall be collected against all taxable property  
22 within the taxing district without limitation by the provisions  
23 of this subsection.

24     (3) For ordinances adopted on or after the effective date of  
25 this Act providing for a division of revenue, taxes resulting  
26 from a levy imposed by a school district, taxes for the payment  
27 of bonds and interest of each taxing district, and taxes  
28 imposed under section 346.27, subsection 22, related to joint  
29 county-city buildings shall be collected against all taxable  
30 property within the taxing district without limitation by the  
31 provisions of this subsection.

32     b. (1) ~~All~~ For ordinances adopted before the effective  
33 date of this Act providing for a division of revenue, all or  
34 a portion of the taxes for the physical plant and equipment  
35 levy shall be paid by the school district to the municipality

1 if the auditor certifies to the school district by July 1 the  
2 amount of such levy that is necessary to pay the principal and  
3 interest on bonds issued by the municipality to finance an  
4 urban renewal project, which bonds were issued before July 1,  
5 2001. Indebtedness incurred to refund bonds issued prior to  
6 July 1, 2001, shall not be included in the certification. Such  
7 school district shall pay over the amount certified by November  
8 1 and May 1 of the fiscal year following certification to the  
9 school district.

10 (2) (a) ~~All~~ For ordinances adopted before the effective  
11 date of this Act providing for a division of revenue, all or  
12 a portion of the taxes for the instructional support program  
13 levy of a school district shall be paid by the school district  
14 to the municipality if the auditor, pursuant to subsection  
15 11, certifies to the school district by July 1 the amount  
16 of such levy that is necessary to pay the principal and  
17 interest on bonds issued or other indebtedness incurred by  
18 the municipality to finance an urban renewal project if such  
19 bonds or indebtedness were issued or incurred on or before  
20 April 24, 2012. Such school district shall pay over the amount  
21 certified by November 1 and May 1 of the fiscal year following  
22 certification to the school district.

23 (b) In lieu of payment to a municipality under subparagraph  
24 division (a), a school district may by resolution of the board  
25 of directors of the school district approve at a regular  
26 meeting of the board of directors the payment of all or a  
27 portion of the instructional support program property tax  
28 revenue excluded under paragraph "a", to the municipality for  
29 the payment of principal and interest on such bonds issued or  
30 such other indebtedness incurred by the municipality before,  
31 on, or after April 24, 2012.

32 c. Unless and until the total assessed valuation of the  
33 taxable property in an urban renewal area exceeds the total  
34 assessed value of the taxable property in such area as shown by  
35 the last equalized assessment roll referred to in subsection 1,

1 all of the taxes levied and collected upon the taxable property  
2 in the urban renewal area shall be paid into the funds for  
3 the respective taxing districts as taxes by or for the taxing  
4 districts in the same manner as all other property taxes.  
5 When such loans, advances, indebtedness, and bonds, if any,  
6 and interest thereon, have been paid, all moneys thereafter  
7 received from taxes upon the taxable property in such urban  
8 renewal area shall be paid into the funds for the respective  
9 taxing districts in the same manner as taxes on all other  
10 property.

11 d. In those instances where a school district has entered  
12 into an agreement pursuant to section 279.64 for sharing of  
13 school district taxes levied and collected from valuation  
14 described in this subsection and released to the school  
15 district, the school district shall transfer the taxes as  
16 provided in the agreement.

17 8. For any fiscal year an ordinance adopted before the  
18 effective date of this Act providing for a division of revenue,  
19 a municipality may, for any fiscal year, certify to the county  
20 auditor for physical plant and equipment revenue necessary  
21 for payment of principal and interest on bonds issued prior  
22 to July 1, 2001, only if the municipality certified for  
23 such revenue for the fiscal year beginning July 1, 2000. A  
24 municipality shall not certify to the county auditor for a  
25 school district more than the amount the municipality certified  
26 for the fiscal year beginning July 1, 2000. If for any fiscal  
27 year a municipality fails to certify to the county auditor  
28 for a school district by July 1 the amount of physical plant  
29 and equipment revenue necessary for payment of principal and  
30 interest on such bonds, as provided in subsection 2, the  
31 school district is not required to pay over the revenue to the  
32 municipality. If a school district and a municipality are  
33 unable to agree on the amount of physical plant and equipment  
34 revenue certified by the municipality for the fiscal year  
35 beginning July 1, 2001, either party may request that the state

1 appeal board review and finally pass upon the amount that  
 2 may be certified. Such appeals must be presented in writing  
 3 to the state appeal board no later than July 31 following  
 4 certification. The burden shall be on the municipality to  
 5 prove that the physical plant and equipment levy revenue is  
 6 necessary to pay principal and interest on bonds issued prior  
 7 to July 1, 2001. A final decision must be issued by the state  
 8 appeal board no later than the following October 1.

9 11. For any fiscal year an ordinance adopted before the  
 10 effective date of this Act providing for a division of revenue,  
 11 a municipality may, for any fiscal year, certify to the county  
 12 auditor for instructional support program property tax revenue  
 13 necessary for payment of principal and interest on bonds  
 14 issued or other indebtedness incurred for an urban renewal  
 15 project on or before April 24, 2012. If for any fiscal year  
 16 a municipality fails to certify to the county auditor by July  
 17 1 the amount of instructional support program property tax  
 18 revenue necessary for payment of principal and interest on  
 19 such bonds, as provided in subsection 2, the school district  
 20 is not required to pay over the revenue to the municipality.  
 21 If a school district and a municipality are unable to agree  
 22 on the amount of instructional support program property  
 23 tax revenue certified by the municipality, either party may  
 24 request that the state appeal board review and finally pass  
 25 upon the amount that may be certified. Such appeals must be  
 26 presented in writing to the state appeal board no later than  
 27 July 31 following certification. The burden shall be on the  
 28 municipality to prove that the instructional support program  
 29 property tax revenue is necessary to pay principal and interest  
 30 on the applicable bonds. A final decision must be issued by  
 31 the state appeal board no later than the following October 1.  
 32 Sec. 5. EFFECTIVE UPON ENACTMENT. This Act, being deemed of  
 33 immediate importance, takes effect upon enactment.

34 EXPLANATION

35 This bill relates to Iowa's urban renewal law.

1     The bill provides that urban renewal plans and urban renewal  
2 projects approved on or after the effective date of the bill,  
3 shall not include the use of revenue resulting from a division  
4 of taxes for a public building, including but not limited to a  
5 police station, fire station, administration building, swimming  
6 pool, hospital, library, recreational building, city hall, or  
7 other public building that is exempt from taxation, including  
8 the grounds of, and the erection, equipment, remodeling, or  
9 reconstruction of, and additions or extensions to, such a  
10 building.

11     The bill strikes provisions of Code section 403.9 relating  
12 to whether the bonds issued under that Code section constitute  
13 indebtedness for purposes of constitutional and statutory  
14 debt limitations. The bill also provides that a municipality  
15 shall not issue bonds or incur indebtedness under Code chapter  
16 403 or under another provision of law that qualifies for  
17 payment from a division of revenue, except for refunding or  
18 refinancing of bonds or indebtedness that does not result in an  
19 increase in the municipality's total outstanding urban renewal  
20 indebtedness, if the municipality's outstanding urban renewal  
21 indebtedness exceeds an amount equal to the population of the  
22 municipality's area of operation, according to the most recent  
23 federal decennial census, times \$8,000.

24     Current Code section 403.19, with specified exemptions,  
25 provides that taxes for the regular and voter-approved physical  
26 plant and equipment levy of a school district, taxes for the  
27 instructional support program of a school district, taxes for  
28 the payment of bonds and interest of each taxing district,  
29 and taxes imposed under Code section 346.27, subsection 22,  
30 related to joint county-city buildings, shall be excluded from  
31 the division of revenue and are to be paid to the appropriate  
32 taxing entities. The bill provides that for divisions of  
33 revenue established on or after the effective date of the bill,  
34 taxes resulting from a levy imposed by a school district, taxes  
35 for the payment of bonds and interest of each taxing district,



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1 and taxes imposed under Code section 346.27, subsection 22,  
2 related to joint county-city buildings shall be excluded from  
3 a division of revenue and are to be paid to the appropriate  
4 taxing entities.

5 The bill takes effect upon enactment.